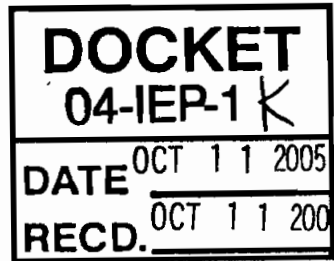




BOSCH



October 11, 2005

California Energy Commission
Committee Hearing on Transportation Fuels,
Thursday, September 29, 2005
Draft Energy Report, Chapter 2

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Reference: 04 IEP 1K Committee Draft Document Hearings

Dear California Energy Commission,

Thank you for the opportunity to review and comment on the Transportation Energy Chapter of the Integrated Energy Policy Report. Per instruction from the public notice of the Sept. 29 CEC Committee Hearing on Transportation Fuels, we are submitting these comments for inclusion in the CEC docket.

Our specific interest with these comments is in bringing information forward about the fuel efficiency benefits of ultra-clean, light-duty diesel vehicles.

As Bosch testified at the May 17, 2005, Committee Workshop on Transportation Energy Demand Forecasts and Options to Reduce Petroleum Fuel Use, ultra-clean diesel technology has captured nearly 50 percent of the European passenger vehicle market. This technology has become one of the primary tools of the European drive for fuel efficiency and reduced greenhouse gases from transportation sources.

We wholeheartedly agree with an opening statement in the Executive Summary of the draft 2005 IEPR (Page E-6), to wit:

"... (T)he state must focus on other strategies to increase vehicle efficiency. ..."

The statement goes on to say, "Other strategies include increasing the number of hybrid and plug-in hybrid vehicles in California, better marketing of low-rolling resistance tires, implementing anti-idling regulations for trucks and truck stop electrification, and integrating transportation and land-use planning."



We strongly believe ultra-clean, light-duty diesel technology warrants a place in the upper ranks of fuel efficiency strategies alongside hybrid and plug-in hybrid technology. This must be considered in concert with the fact that there have been no production announcements from any automakers about plans to introduce a plug-in hybrid passenger vehicle. Moreover, the recently adopted federal Energy Bill treats ultra-clean diesel as an equal to hybrid technology with provisions for the same consumer purchase tax incentives for both fuel efficient ultra-clean diesel and hybrid vehicles.

There are many indications that automakers are planning to bring emissions-compliant, ultra-clean, light-duty diesel vehicles to market in California by the end of this decade. News from the Frankfurt Auto Show this past week reinforces this forecast.

“Along with VW, Mercedes is the only brand offering diesel-engine passenger cars in the U.S. market. However, BMW AG is eager to join the club, once regulatory obstacles to diesel sales are eliminated in several key states, including California, New York and Massachusetts. ‘The time is right to convince U.S. customers that diesel is fuel-efficient,’ BMW CEO Helmut Panke told reporters. ‘We believe that we should offer products that can be sold in all 50 states.’

– Detroit News, Sunday, Sept. 25, 2005

Again, ultra-clean, light-duty vehicle technology is poised to enter the California market. With its inherent 20-45 percent fuel economy bonus over comparable gasoline vehicles, wouldn't you agree that ultra-clean, light-duty technology warrants higher mention as a top fuel efficiency strategy?

Therefore, we respectfully request that light-duty diesel technology be referenced in the executive summary of the Chapter 2 along with hybrid and plug-in hybrid technology as a path toward more fuel efficient vehicles.

Specific Comments

Overall, we agree with the “Light-Duty Diesels” section of the Transportation Fuels Chapter (Page 18), especially the quote:

“Expanded use of LDDs (light-duty diesels) is important because the increased fuel economy could significantly relieve growing demand for gasoline fuels in California.”

However, some clarification is needed to the following statement:



“Vehicle manufacturers have been working to meet the adopted emission standards and are demonstrating promising results. However, industry has not yet made a significant commitment to selling LDDs in America.”

We’re assuming that you mean the 2007 EPA Tier 2 Bin 5 tailpipe emissions standards. While the above statement is accurate, it is incomplete in that it doesn’t tell the whole story. Several automakers in the past 10 months have stated publicly at auto shows in Los Angeles, Detroit and Frankfurt, Germany, their commitment to bring ultra-clean light duty diesel vehicles to market in the United States. Most, if not all, prefer to bring such technology to all 50 states, and await a definitive signal from the state government of California that such fuel-saving technology will be welcomed there.

Respectfully, we suggest that these emissions technology announcements and demonstrations are more than “promising results.” In fact, they are clear signals from industry that it is ready to enter the California market with ultra-clean diesel vehicles once they believe ultra-low sulfur fuel is available so they can produce vehicles with the technology to meet emissions requirements and that there is a willing regulatory environment.

We’d also like to suggest that the commitment to sell LDDs in America has been made. Now it’s a matter of determining whether there is – or how large – the consumer demand and government commitment to accept that LDD technology.

Recommendations Section

Our comments follow each cited recommendation:

Recommendation Page 30

Establish incentive programs to influence consumer choice for more efficient transportation options such as ... direct purchase incentives for fuel-efficient vehicles.

Bosch Comment

The most meaningful incentive program would be one that rewards the purchase of fuel efficiency performance, as opposed to one that rewards purchase of a specific technology.



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Recommendation Page 30

Establish a state/industry working group to examine market opportunities and barriers to development and commercialization of hybrid-electric vehicles. Develop partnerships with original equipment manufacturers to demonstrate plug-in hybrid electric vehicles, assess consumer demand for these options, and support early incentives to reduce initial consumer cost.

Bosch Comment

Include an identical recommendation for ultra-clean, light-duty diesel vehicles and/or make sure diesel technology is included in the suggested groups (since it can be applied with hybrid technology as well).

Recommendation Page 28

Establish a Renewable Diesel Fuel Standard so that all diesel fuel sold contains up to 20 percent renewable content. The Energy Commission (and) CARB also should conduct a study and prepare recommendations aimed increasing the renewable content of fuel to greater than 20 percent.

Bosch Comment

Engage automakers and Tier 1 suppliers early in this process so as to avoid developing standards that may not necessarily gain the support of industry due to industry's capacity to supply bio feed stocks, the impact on engine and aftertreatment emission control technologies, and fuel quality concerns.

Yours sincerely,

s/Norman Johnson
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